

**State Budget Office
Office of Financial Management
Support Services Division
Internal Audit Program**

Travel Vouchers

Audit Objective

The purpose of this audit is to ensure compliance with established regulations, policies and procedures. Audit objectives are to review a sample of Travel Vouchers for proper approval, appropriate accompanying documentation, reasonableness and proper accounting.

Risk

Inherent risk in this area is that Travel Vouchers may be issued without proper authorization or for an incorrect amount. Travel advances may also be issued unnecessarily or improperly recorded. Travel Vouchers may be used to obtain cash from ineligible or fraudulent expenses.

Audit Program Standards

This audit program is designed to document and obtain a sufficient understanding of relevant management controls that are in effect. Consideration should be given to any prior audit findings and whether corrective action has occurred. At the conclusion of fieldwork, all findings and recommendations for improvement should be documented.

General Description

Classified and non-classified State employees who incur travel expenses in connection with official State business, and authorized non-State employee consultants and advisors, shall comply with Standardized Travel Regulations and associated rate schedules for reimbursement of applicable travel expenses.

References

- Policy 0420 titled "Travel"
- The Management and Budget Act, Public Act 431 of 1984 as amended, §217

Test Sample

Obtain a test sample of travel voucher documents from Department of Management and Budget (DMB), Support Services Division. The initiated expenditure transactions can be extracted from ADPICS by using script ADP97AE2.CLS. The script will produce a file that is downloadable to Microsoft ACCESS. When performing the download, ascertain that all fields are appropriately delimited and defined. Write an ACCESS Query using the following criterion:

DOC Type equals DT

This criterion works for all agencies except the Family Independence Agency (FIA). For FIA data, write the query using the following criteria:

Agency Object Codes - range 4810 – 4916

The extracted query file may be exported as a tab format file to software capable of performing statistical analysis and sampling (AuditForce used ACL for this purpose). To select a sample, perform the following:

- Stratify the query file into high, medium, and low dollar strata.
- Select a sample from the high dollar strata.
- Select a sample from medium and low dollar strata by applying random sampling techniques.
- Reformat statistical samples to Microsoft EXCEL to produce sample listings.
- Forward the sample listing to selected agencies for document retrieval.

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Authorization

	YES	NO	N/A	COMMENTS	WP
Verify all travel is authorized and approved by the head of the Agency or designated representative; no designated representative may approve his/her own voucher. (Control Matrix 6.1)					

Application for and Issuance of Travel Advance

<p>Verify a finance department representative has approved all travel advances.</p> <p>Verify the travel advance is for a specific instance of travel and is a reasonable amount.</p> <p>Determine that the temporary advance is limited to estimated travel expenses.</p> <p>Determine that the advance was not paid more than 5 workdays before travel begins. (Control Matrix 6.6)</p> <p>Determine that the employee's travel voucher was submitted within 5 workdays after travel period ends when a temporary travel advance is involved. (Control Matrix 6.2)</p>					
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Travel Advance is Recorded as an Account Receivable in R*STARS

Determine that employee expense advances are recorded as an Account Receivable in R*STARS. (Control Matrix 6.3)					
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Travel Voucher is Submitted and Processed

<p>Verify that the employee provides original receipts. (Control Matrix 6.4)</p> <p>Verify maximum limits for certain expenses (e.g. meals) comply with current policy.</p> <p>Determine that employees are recorded in the vendor file to be reimbursed for travel expenses, via direct voucher in ADPICS.</p>					
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Cash Collection of Travel Advances

	YES	NO	N/A	COMMENTS	WP
Determine that accounts receivable from employees is reconciled on a monthly basis. (Control Matrix 6.5)					
Verify that accounts receivable are aged and followed up when delinquent.					
Determine that travel vouchers are submitted at least monthly.					

Employee is Reimbursed

Before reimbursement, verify that a member of the department staff reviews all travel vouchers, to ensure adequate supporting documentation exists.					
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Interview for Positions

Determine candidates are paid by the interviewing department at rates not in excess of those established by these regulations.					
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Cash Advances

<p>Verify that the State agency has authorized the travel advance from imprest cash, for a specific period of time, to an employee traveling on State business, which is subject to agency administrative decision.</p> <p>a) Determine that for employees whose duties require them to travel regularly, on State business, the maximum advance did not exceed 4 weeks' meals, lodging and related automobile expense.</p> <p>b) Determine that employees, whose duties require special trips involving personal cash outlay for travel expenses, furnish their department with a statement setting forth:</p> <p>1) Purpose of the trip</p> <p>2) Expected travel period</p> <p>3) Method of transportation</p> <p>4) An itinerary</p>					
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	YES	NO	N/A	COMMENTS	WP
<p>5) Estimate of cash outlay for travel showing individually: anticipated cash expenditures for expected travel period, method of transportation, itinerary and estimate of cash outlay showing individually the anticipated cash expenditures for transportation, lodging, meals and fees.</p> <p>a) Verify unused travel advances are returned by check payable to "State of Michigan" (attached to the travel voucher).</p>					

Transportation Routing of Travel

<p>Determine if all travel is made by a usually traveled route (mileage by freeways acceptable). If a person travels by an indirect route, for their own convenience, any extra costs shall be borne by the traveler and reimbursement for expenses will be based only on such charges as would have been incurred by a usually traveled route. If travel by most direct route is impossible, due to construction, detour or other legitimate reason, the claim for additional mileage should be separately stated and explained on the reimbursement voucher.</p>					
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Transportation by Common Carrier

<p>Verify that transportation by airline was secured by use of the Universal Air Travel Plan established by DMB or an individual agreement established between a department and travel agency.</p> <p>Transportation expenses for buses and trains are not part of the State transportation credit plan. Verify that if these expenses occurred, they were provided through travel advances or normal reimbursement procedures.</p>					
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Limitation of Fares

	YES	NO	N/A	COMMENTS	WP
Verify the State's limitations were adhered to (for both rail and air travel). a) Rail: The fare for transportation on any trip should not exceed regular first class fare. Sleeping car accommodations, i.e., bedroom or compartment will be allowed only when the traveler certifies on their voucher that no roomette was available or the agency head certifies that special accommodations were required. Parlor car accommodations are allowable when a trip is more than 2 hours in duration. b) Air travel: Use of commercial airlines is permitted when it is to the advantage of the State (measured by both comparative traveling costs and time of the traveler). State-owned planes should be used whenever a group of employees is traveling to the same destination and the cost is less than that of commercial airlines. Agencies requiring use of state-owned planes should make all necessary arrangements with Michigan Department of Transportation, Bureau of Aeronautics. All travelers should purchase the least expensive accommodations available on any flight. Persons choosing to use first class air transportation (when tourist class is available) may charge only the tourist class fare on the credit plan. Additional cost for first class must be paid by the traveler, and may not be charged on the credit plan. First class fare will be allowable only if the ticket agent certifies that less expensive accommodations were unavailable.					

Cash Fares

Trace to actual receipts all cash fares claimed as reimbursable items, on the travel voucher.					
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Round Trip Tickets

	YES	NO	N/A	COMMENTS	WP
If round trip tickets were not secured, verify that it was not practical or economical to do so.					

Insurance

Verify that no insurance coverage charges, for persons traveling by common carrier, were allowed as reimbursable expense.					
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Transportation by Privately Owned Car

<p>Determine if the agency head authorized use of privately owned cars for official travel, in lieu of state-owned cars or common carrier (if it was to the advantage of the State).</p> <p>Verify that approval was obtained from Motor Transport Division (PA 260 of 1947) in accordance with instructions contained in Rules and Regulations of that division.</p> <p>Verify that approval was secured in advance of actual travel, except in cases of extreme emergency where time will not permit.</p>					
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Exception

	YES	NO	N/A	COMMENTS	WP
<p>Employees who elect to drive a privately owned car, in lieu of available state-owned car, are not required to obtain approval of Motor Transport Division and will be allowed the lower mileage rate. (See Rate Schedule.)</p> <p>If out-of-state travel (mileage plus lodging, meals, and toll charges en route) amounts to more than "tourist" class airfare, or excursion rates if available, reimbursement will be limited to airfare plus taxi fare to and from the airport only.</p> <p>An employee driving a privately owned car may start and terminate the field assignment at their home or official work station, at the discretion of the agency head, provided reimbursement for such mileage will be based on the Michigan Department of Transportation's map mileage. When assignments start and/or terminate at the employee's home, reimbursement will be based from the home to the field assignment and return. In no case shall such mileage charge exceed that, had the assignment started and terminated at the official workstation.</p>					

Mileage Rates

<p>See the Rate Schedule for mileage rates, for use of a privately owned car on State business.</p> <p>These rates apply for all travel, regardless of the number of persons transported.</p> <p>For approved travel, reimbursement will be allowed at the higher rate if private car approval is obtained from Motor Transport Division or if no motor pool or State car was available on dates for which the higher rate is claimed.</p> <p>Verify that a statement to the effect that no State car was available was placed in the body of the voucher. Otherwise, only the lower rate may be claimed.</p>					
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Computation of Mileage

	YES	NO	N/A	COMMENTS	WP
<p>Verify that point to point out-of-state mileage reflected the same as shown in the Rand McNally Road Atlas.</p> <p>Verify if out-of-state driver chooses to travel by toll roads and/or bridges, reimbursement by Rand McNally Atlas mileage (plus road and bridge tolls) was used. It is assumed that out-of-state drivers, on extended trips, will average 400 miles per day.</p> <p>Verify that reimbursable subsistence was limited to the number of days required to complete the travel at that rate. Receipts are not required for toll roads and bridges.</p> <p>Verify that all mileage was shown from point to point and was allowed on the basis of the current State Department of Transportation map of Michigan. Vicinity mileage necessary for conduct of official business is allowable and must be shown as a separate item on the voucher. When such mileage is in excess of 50 miles in any one day, the charge should be supported by a list of the vicinity itinerary, in sufficient detail to justify mileage claimed. No mileage will be allowed for travel between an employee's home and official workstation.</p>					

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Parking Charges

	YES	NO	N/A	COMMENTS	WP
Trace reimbursement for allowable parking charges, including metered parking. Receipts are to be attached to the travel voucher.					
Daily parking permits for entry to State parks, for official State business, are reimbursable. Purchase of annual State park permits is reimbursable, with approval of authorized department officials.					
Verify that employees, required to drive a privately owned car to a State car pool for the purpose of picking up a State car for official travel, may be reimbursed for parking their private vehicles (if free parking is not available).					
Determine there will be no reimbursements for normal everyday parking costs the employee pays, when not in travel status.					

Other Charges Not Reimbursable

Verify if charges for gasoline, lubrication, repairs, antifreeze, towage and other similar expenditures were not allowed as reimbursable items, when privately owned cars are used.					
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Audit Program Conclusion

Prepare a brief narrative, which summarizes any audit findings and their implications to the department.					
Prepare a brief narrative describing recommendations for improvement.					
Ensure all audit review points have been discussed and incorporated into the final report.					

Prepared by: _____	Date: _____
Reviewed by: _____	Date: _____

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Standard Voucher Form

	YES	NO	N/A	COMMENTS	WP
Verify that all travel expense claims are prepared and submitted on standard Travel Expense Voucher, Form DMB-23.					

Preparation of Vouchers – General

Determine that there was only 1 employee per single expense voucher. Verify that one expense voucher did not cover a period longer than a calendar month or less than one week, with the following exceptions: a) When it is known that no other expenses will be incurred during the period. These vouchers may be submitted as they are incurred. b) When expenses total less than \$25.00 submit these vouchers within 15 days after close of the calendar quarter in which the expense was incurred. c) Supporting receipts must be attached for all items of expense, where required by regulation. d) All items in travel vouchers must appear in chronological order and all expenses for the period must be included. e) Dates and times of departure and return to home or official workstation must be shown on the travel voucher.					
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Itemization of Subsistence Errors

Verify the exact days and hours for which per diem is claimed (is shown). Breakdown of per diem allowance is not required to be shown on the voucher. Verify the total amount claimed does not exceed the appropriate rate schedule established in the regulations. For trips not involving lodging, an item for meals shall be shown.					
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Itemization of Transportation Expense

	YES	NO	N/A	COMMENTS	WP
Verify that the voucher shows places between which travel was performed, time of departure from home or official workstation, and time of arrival at or return to home or official workstation.					
If travel is by state owned vehicle, trace the number of the vehicle to the space provided on the voucher.					
If travel is by privately owned car, verify that all point to point mileage was shown and verify that "Vicinity" mileage was shown at each point where performed. (Mileage is allowed on the basis of the latest edition of the Michigan Department of Transportation map and Rand McNally Road Atlas.)					

Itemization of Miscellaneous Expenses

Verify that all required receipts for allowable miscellaneous expenses were shown under the actual date they were incurred and explained where necessary. Trace these receipts to attachments.					
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Certification of Travel Expense Voucher

Verify the manual signature of the traveler and head of agency, or authorized agent attested to certification (on each voucher). An authorized agent may not approve his/her own voucher.					
Determine that the nature of official business requiring travel was shown in the space provided. Blanket statements, such as "on official business" or "as directed" are unacceptable.					

Submission of vouchers

Verify that within 15 days after close of the travel period the vouchers were prepared, audited, certified and submitted to the department's respective accounting offices.					
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Audit Program Conclusion

	YES	NO	N/A	COMMENTS	WP
Prepare a brief narrative, which summarizes any audit findings and their implications to the department.					
Prepare a brief narrative describing recommendations for improvement.					
Ensure all audit review points have been discussed and incorporated into the final report.					

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Reviewed by: _____	Date: _____

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6.1 Travel Planning

	YES	NO	N/A	COMMENTS	WP
Verify that supervisory personnel properly approve all travel requests in advance.					

6.2 Application for and Issuance of Travel Advance

Determine if a finance department representative has approved all travel advances.					
Determine if the advance is for a specific instance of travel.					
Determine if the temporary advance is limited to estimated travel expenses.					
Determine if the advance was not paid more than 5 workdays before travel begins.					
Determine if the employee's travel voucher was submitted within 5 workdays after the travel period, when a temporary travel advance is involved.					

6.3 Travel Advance is Recorded as an Account Receivable in R*STARS

Ensure that employee expense advances are recorded as Account Receivable in R*STARS.					
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6.4 Travel Voucher is Submitted and Processed

Verify that the employee submitted original receipts.					
Verify maximum limits for certain expenses (e.g., meals) are not exceeded.					
Determine that employees are recorded in the vendor file, to be reimbursed for travel expenses via direct voucher in ADPICS.					

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6.5 Cash Collection of Travel Advances

	YES	NO	N/A	COMMENTS	WP
Determine if accounts receivable from employees are reconciled on a monthly basis.					
Verify that accounts receivable are aged and followed up when delinquent.					
Verify that travel vouchers are submitted at least monthly.					

6.6 Employee is Reimbursed

Before reimbursement, verify that a member of the department staff reviews all travel vouchers, to ensure adequate supporting documentation exists.					
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Audit Program Conclusion

Prepare a brief narrative summarizing audit findings and their implications to the department.					
Prepare a brief narrative describing recommendations for improvement.					
Ensure all audit review points have been discussed with the supervisor and incorporated into the final report.					

Prepared by: _____	Date: _____
Reviewed by: _____	Date: _____